



JAMES A. NOYES, Director

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January 23, 2003

TO: Each Supervisor

FROM: James A. Noyes
Director of Public Works

LAND DEVELOPMENT/BUILDING AND SAFETY FEES

As you may be aware, recent articles have appeared in the Los Angeles Times regarding fees charged by local jurisdictions in Southern California for the review of plans and the inspection of buildings under permit. Many of the articles have focused on Orange County and the specific nature of their situation. There have been allegations that Orange County and other certain jurisdictions have overcharged for the review of plans (both zoning and building reviews) and for the inspection of such projects.

The primary criticism leveled against local governments in this matter is that fees for these reviews have not been accurately calculated to recover only the costs related to development review, as required by State law. As a result, when building activity is high, excess revenues generated by the high volume of projects may have been used by local government to fund programs unrelated to development review, which is a violation of State law. Additionally, when construction activity suffers a downturn, the local government may be forced to subsidize the actual costs of development review if staffing and related costs are not quickly cut back to adjust for the decrease in fee revenue. The most important lesson to be learned from the recent series of articles is the absolute prohibition under State law of using developer fee revenue for any purpose other than development review, inspection, and the related support and overhead costs.

Our Department's fees for Land Development and Building and Safety services have been carefully calculated and adjusted over the years to recover the costs of providing service to our constituents in conveniently located offices Countywide. In accordance with governing State statutes, the fees collected are used exclusively for the salaries, benefits, support services and supplies, and overheads directly related to development review. When long-term capital reserves are needed to finance the cost of improvements to such things as our physical plant and Information Technology systems, detailed estimates of

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costs are prepared and a designation of funds is sent to the Board for approval. An example of this is our new Electronic Development and Permit Tracking System (eDAPTS) currently being implemented. We would not be able to maintain our workforce and service excellence, as well as our organizational effectiveness, if we did not have the ability to adequately and reliably plan and finance critical improvements to our service delivery.

We will continue to work closely with the Auditor-Controller in establishing and adjusting development fees in our annual budgets to ensure they are proper and accurate. We are also prepared for fluctuations in the economy by setting our permanent staffing for historically sustained levels of construction activity and by contracting out for staffing during peak levels.

If you or your staff has any questions related to this topic, please call me, or you may contact my Chief Deputy, Mr. Ron Ornee, at (626) 458-4002.

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cc: Auditor-Controller
Chief Administrative Office
Executive Office